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SUBJECT: PRESIDENT TALABANI ON TAWAFUQ RETURN, SFA/SOFA,
AND NEIGHBORS

Classified By: Ambassador Ryan C. Crocker for reasons 1.4 (b) and (d).

11. (C) Summary: In a May 25 meeting, President Jalal Talabani told the Ambassador that he has been mediating between Prime Minister al-Maliki and Vice President al-Hashemi to secure the return of Tawafuq officials to the GOI cabinet, and he expressed optimism that a final deal could be reached before Maliki and Hashemi depart Iraq for foreign travel in two days. He said CoR Speaker Mashadani was playing an extremely unhelpful role in this process, and stated half-jokingly that it was time for the CoR to accept Mashadani's resignation letter "which ISCI's Jalaladdin al-Saghir has in his pocket."

With regard to SFA/SOFA talks, Talabani said Maliki had asked him to arrange and chair a May 26 meeting of the Political Council for National Security (PCNS) in order to discuss a way forward on the agreement. In order to smooth the SFA/SOFA process, he advised us to talk to Hashemi and ISCI Chairman Abdel Aziz al-Hakim, whose relations with other countries affect their own views of the agreement (discussions with Hashemi and Hakim reported septel). Talabani discussed the possibility of upcoming visits to Baghdad by Jordan's King Abdullah and Turkish Prime Minister Erdogan, and noted the PCNS would also discuss establishment of a joint commission between the GOI and Egypt. He said the Kurds were ready to cooperate on passage of a hydrocarbons law, but would insist that Iraq's state-owned oil company not monopolize Iraq's oil industry. End Summary.

Brokering Tawafuq's Return

12. (C) Talabani said that he continues to mediate between Maliki and Hashemi to clinch a deal that would lead to Tawafuq's return to the GOI cabinet. He said Hashemi and Maliki had met the previous day, and that two of three outstanding issues had been resolved: Maliki has accepted Hashemi's choices for Deputy Prime Minister and Minister of Higher Education. The remaining obstacle to an agreement is current Planning Minister and Tawafuq renegade Ali Baban. Maliki wants to retain him while Hashemi is insisting that he be replaced by a Tawafuq nominee. Talabani is pushing for a compromise -- Baban remains for a certain period and then departs. He said he was working hard to get a final agreement within the next two days before Maliki and Hashemi depart Iraq for foreign travel. The Ambassador related his recent discussions with Maliki and Hakim on this issue, stating that Tawafuq's return would be a great talking point for Maliki in Stockholm and for Hashemi in his regional travels. Talabani said CoR Speaker Mashadani was playing an obstructive role in the Tawafuq return process, stating with a big smile that it was time for the CoR to accept Mashadani's resignation letter, which he claimed without further clarification "is in Jalaladdin al-Saghir's pocket."

SFA/SOFA and Oil Law

13. (C) The Ambassador briefed on the state of bilateral SFA/SOFA consultations, adding that the process had

progressed to the point that direct engagement of the Executive Council and Masoud Barzani was now needed to guide the agreement to closure. Talabani said Barzani was ready to come to Baghdad when needed. Talabani said Maliki had asked him to arrange and chair a May 26 Political Council for National Security (PCNS) meeting in order to discuss a way forward on the agreement. The Ambassador said we looked to Talabani to manage the meeting in a manner that insured no harmful decisions were taken. He advised us to talk to Hashemi and ISCI Chairman Abdel Aziz al-Hakim, who have many misperceptions about the agreement and whose relations with other countries (Arab neighbors and Iran, respectively) affect their own views. Talabani said he detected a new attitude among Iraq's Shia that they need good relations with the USG, and a new awareness among Iraqi Sunnis that Iran, not the U.S., is Iraq's greatest danger. With a weary smile, Talabani said "our brothers" in Iran are opposed to the agreement, and he seemed surprised when the Ambassador told him the Saudis supported the agreement and would support it even more when they learned of Tehran's antipathy to the pact.

¶4. (C) Talabani related that Masoud Barzani wished to visit the U.S. in the coming weeks, and the Ambassador said he would be warmly welcomed after the CoR passes a hydrocarbons law. Talabani said the Kurds were ready to cooperate on passage of a hydrocarbons law, but would insist that Iraq's state-owned oil company not monopolize Iraq's oil industry since such a monopoly would prevent major international oil companies from investing in Iraq.

Relations with Neighbors

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¶5. (C) Talabani discussed the possibility of an upcoming visit to Baghdad by Jordan's King Abdullah. He said Maliki told him he would resolve a row between Jordan and Iraq over title to a yacht that had once belonged to Saddam by gifting the yacht to Abdullah upon his arrival in Baghdad. Talabani also hoped that Turkish Prime Minister Erdogan would soon accept an invitation to visit Baghdad "where he will be received with hugs and kisses" to discuss creation of a bilateral commission aimed at increasing trade and improving relations. He said that tension between Turkey and Iran dates back to the Ottoman era and that Iraq should take advantage of this by improving relations with Turkey to balance Iranian influence. Talabani said that Syria will continue to "play the Ba'ath card in Iraq" by fostering good relations with former regime officials, and that this would likely irritate Syria's Iranian allies. Talabani said the PCNS would also discuss establishment of a joint commission between the GOI and Egypt. The Ambassador urged Talabani to raise with the PCNS the rapid appointment of GOI ambassadors to Arab neighbors without waiting for the neighbors to open embassies in Baghdad.

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